

House File 304 - Introduced

HOUSE FILE _____
BY REICHERT

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act providing for the establishment of rural wind
2 cooperatives.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 1717HH 83
5 rn/nh/14

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1 1 Section 1. NEW SECTION. 476.48 RURAL WIND COOPERATIVE
1 2 PROGRAM.
1 3 1. DEFINITIONS. For purposes of this section, unless the
1 4 context otherwise requires:
1 5 a. "Power purchase agreement" means an agreement
1 6 negotiated between an electric utility and a qualifying owner
1 7 to purchase energy generated from a rural wind cooperative.
1 8 b. "Qualifying owner" means a resident of this state who
1 9 is:
1 10 (1) Any of the following, as defined in section 9H.1:
1 11 (a) An authorized farm corporation.
1 12 (b) An authorized limited liability company.
1 13 (c) An authorized trust.
1 14 (d) A family farm corporation.
1 15 (e) A family farm limited liability company.
1 16 (f) A family trust.
1 17 (g) A revocable trust.
1 18 (h) A testamentary trust.
1 19 (2) A small business as defined in section 15.102.
1 20 (3) A cooperative association organized pursuant to
1 21 chapter 497 or a limited liability company organized pursuant
1 22 to chapter 490A whose shares and membership are held by an
1 23 entity that is not prohibited from owning agricultural land
1 24 under chapter 9H.
1 25 (4) A political subdivision of this state, including but
1 26 not limited to a city, county, township, school district,
1 27 community college, area education agency, institution under
1 28 the control of the state board of regents, or any other local
1 29 commission, association, or tribal council.
1 30 c. "Rural wind cooperative" means a new wind energy
1 31 generation project approved by the division which satisfies
1 32 the requirements of subsection 3.
1 33 d. "Rural wind cooperative tariff" means a tariff
1 34 established by the board to facilitate the development of
1 35 rural wind cooperatives.
2 1 e. "Standard reliability criteria" means that the energy
2 2 produced can be safely interconnected with an electric utility
2 3 without causing any adverse or unsafe consequences and is
2 4 consistent with the electric utility's resource needs.
2 5 f. "Wind energy conversion facility" means the same as a
2 6 wind energy conversion facility as defined in section 476C.1.
2 7 2. PROGRAM ESTABLISHED. The utilities division shall
2 8 establish a rural wind cooperative program to optimize local,
2 9 regional, and state benefits from wind energy and to
2 10 facilitate widespread development of rural wind cooperatives
2 11 throughout this state.
2 12 3. QUALIFICATIONS == APPROVAL. A qualifying owner or
2 13 owners of a proposed rural wind cooperative may submit an
2 14 application to the division for approval indicating all of the
2 15 following:
2 16 a. Ownership by one or more qualifying owners subject to
2 17 percentage restrictions relative to the number of wind
2 18 turbines owned by the cooperative as established by the board
2 19 by rule. The board may additionally establish rules requiring
2 20 large-scale wind energy conversion systems to be comprised of

2 21 a specified percentage of one or more rural wind cooperatives.
2 22 b. A copy of a power purchase agreement negotiated in good
2 23 faith subject to mutually agreeable terms between an electric
2 24 utility and a qualifying owner or owners at the rural wind
2 25 cooperative tariff rate established by the board to encourage
2 26 and facilitate investment in and development of rural wind
2 27 cooperatives.
2 28 c. Approval by the county board of supervisors in each
2 29 county in which the cooperative is to be located, or in the
2 30 case of a cooperative located within the boundaries of a
2 31 tribal government land, the tribal council for that tribal
2 32 government land.
2 33 d. Evidence of a good-faith attempt to provide in writing
2 34 an opportunity to participate in the cooperative to each
2 35 property owner in a county or counties in which the
3 1 cooperative is located on whose property a high-voltage
3 2 transmission line is constructed that will transmit the energy
3 3 generated by the cooperative to an electric utility.
3 4 4. PROGRAM PARAMETERS == UTILITY PARTICIPATION.
3 5 a. The board shall by rule establish procedures whereby a
3 6 rural wind cooperative shall be granted right-of-way permits
3 7 or utility easements for interconnection with a public utility
3 8 with whom the cooperative has negotiated a power purchase
3 9 agreement.
3 10 b. The board shall by rule establish a mechanism whereby a
3 11 qualifying owner or owners of a rural wind cooperative shall
3 12 secure performance under a power purchase agreement.
3 13 c. A power purchase agreement shall be based upon standard
3 14 reliability criteria.
3 15 d. Transfer of a rural wind cooperative by a qualifying
3 16 owner or owners to a nonqualifying owner during the initial
3 17 ten years of the agreement, except for an inherited interest,
3 18 is prohibited.
3 19 e. An electric utility shall require any qualified owner
3 20 to provide sufficient security to assure performance under the
3 21 power purchase agreement, and shall prepare a statement on an
3 22 annual basis summarizing the extent to which purchase power
3 23 agreements have been entered into with rural wind
3 24 cooperatives, and the amount of electricity purchased from
3 25 such cooperatives.
3 26 f. An electric utility shall determine if one or more
3 27 rural wind cooperatives are available and are technically,
3 28 economically, and operationally feasible to address some or
3 29 all of an identified electricity generation need prior to
3 30 constructing a new electricity generation facility.
3 31 5. ELECTRIC UTILITIES == LIMITATION ON OBLIGATION. This
3 32 section shall not be construed to obligate an electric utility
3 33 to enter into a power purchase agreement with a rural wind
3 34 cooperative, subject to rules which may establish minimum
3 35 rural wind cooperative participation in large-scale wind
4 1 energy conversion systems as provided in subsection 3.

4 2 EXPLANATION

4 3 This bill establishes procedures to encourage the
4 4 development of rural wind cooperatives.

4 5 The bill creates a rural wind cooperative program within
4 6 the utilities division of the department of commerce, with the
4 7 goal of optimizing local, regional, and state benefits from
4 8 wind energy and facilitating the development of rural wind
4 9 cooperatives throughout the state. A rural wind cooperative
4 10 involves a new wind energy conversion system owned by one or
4 11 more qualifying owners, subject to percentage restrictions
4 12 relative to the number of wind turbines owned by the
4 13 cooperative as established by the utilities board by rule, and
4 14 subject to rules which may be established by rule specifying
4 15 that large-scale wind energy conversion systems may be
4 16 required to be comprised to a certain percentage by rural wind
4 17 cooperatives. The bill includes a comprehensive list of
4 18 individuals, business organizations, and political
4 19 subdivisions within the definition of "qualifying owner".

4 20 The bill specifies an application procedure for a rural
4 21 wind cooperative, whereby an application is submitted to the
4 22 utilities division along with a copy of a power purchase
4 23 agreement negotiated in good faith between the applicant and
4 24 an electric utility, evidence of approval of the cooperative
4 25 by the county board of supervisors, and evidence of a
4 26 good-faith attempt to notify property owners on whose property
4 27 a high-voltage transmission line would be constructed to
4 28 transmit energy generated by a rural wind cooperative of an
4 29 opportunity to participate in the project and property owners
4 30 currently operating a wind energy conversion system. The bill
4 31 provides that a power purchase agreement, if approved, shall

4 32 be secured by a qualifying owner or owners, and that the
4 33 agreement shall reflect standard reliability criteria. The
4 34 bill contains prohibitions against transfer of ownership, and
4 35 provides for the adoption of rules by the utilities division
5 1 or the board, including rules establishing right-of-way or
5 2 easement procedures for interconnection with a public utility.
5 3 Additionally, the bill provides that an electric utility
5 4 shall require a qualified owner to provide sufficient security
5 5 to assure performance under the power purchase agreement, and
5 6 prepare an annual statement summarizing efforts to purchase
5 7 electricity from rural wind cooperatives and listing
5 8 cooperatives subject to a power purchase agreement with the
5 9 utility and the amount of energy purchased therefrom. The
5 10 bill also requires a utility to determine if one or more rural
5 11 wind cooperatives are available and are technically,
5 12 economically, and operationally feasible to address some or
5 13 all of an identified electricity generation need prior to
5 14 constructing a new electricity generation facility. The bill
5 15 provides that its provisions shall not be construed to
5 16 obligate an electric utility to enter into a power purchase
5 17 agreement with a qualified owner of a rural wind cooperative
5 18 project.
5 19 LSB 1717HH 83
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